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TO AMEMBASSY ISLAMABAD IMMEDIATE 0000

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E.O. 12958: N/A  
TAGS: [EAID](#) [ECON](#) [PK](#) [PREL](#)  
SUBJECT: FUNDING OF NEW CONTRACTS AND GRANTS

REF: A. ISLAMABAD 2882  
[1](#)B. ISLAMABAD 2296

[1](#)1. (SBU) SUMMARY: DEPARTMENT IS REVIEWING REQUESTS BY EMBASSY ISLAMABAD FOR FUNDING OF ONGOING OR NEW CONTRACTS AND GRANTS. DEPARTMENT CONCURS WITH PROCUREMENT ACTIONS FOR FIVE ACTIVITIES: (1) POLIO ERADICATION (UNICEF), (2) FATA ENABLING PROGRESSIVE MEDIA VOICES IN PAKISTAN (INTERNEWS), (3) IMPROVE CHILD HEALTH FATA (SAVE THE CHILDREN), (4) ENERGY EFFICIENCY AND CAPACITY (INTERNATIONAL RESOURCES GROUP), AND (5) ENERGY POLICY (ADVANCED ENGINEERING ASSOCIATES INTERNATIONAL). WE RECOMMEND THAT ONE CONTRACT WITH QED UNDER THE PERFORMANCE ACTIVITY BE TERMINATED FOR CONVENIENCE OF THE USG. THE REVIEW OF OTHER CONTRACTS AND GRANTS IS ONGOING, AND SOME WILL BE EXTENDED FOR THREE TO FOUR MONTHS WHILE OPTIONS FOR AN ORDERLY TRANSITION TO PAKISTANI IMPLEMENTING PARTNERS ARE PURSUED.  
END SUMMARY.

[1](#)2. (SBU) DEPARTMENT IS EVALUATING REQUESTS FROM EMBASSY ISLAMABAD FOR INCREMENTAL FUNDING AND, IN SOME CASES, NEW FUNDING FOR CONTRACTS AND GRANTS MANAGED BY USAID. WE HAVE TAKEN THE DECISION TO TRANSITION WHEREVER FEASIBLE TO PAKISTANI IMPLEMENTING PARTNERS. THE INTENTION IS TO HAVE THE TRANSITION OCCUR AS QUICKLY AS POSSIBLE, HOWEVER WE WANT THE CURRENT IMPLEMENTING PARTNERS DESCRIBED IN PARA FIVE TO CONTINUE SERVICES AT THE EXISTING LEVEL OF EFFORT WHILE THIS REVIEW IS UNDER WAY. THESE PARTNERS WILL BE NOTIFIED FOURTY-FIVE DAYS BEFORE THE END OF THE STIPULATED EXTENSION PERIOD IF THEY ARE TO BEGIN PHASE DOWN OF THE GRANT OR CONTRACT.

[1](#)3. (SBU) DEPARTMENT RECOGNIZES THAT A RAPID TRANSITION TO USE OF PAKISTANI IMPLEMENTING PARTNERS MAY RESULT IN ADDITIONAL SHORT-TERM COSTS, BUT WE BELIEVE THIS CHANGE IS IMPORTANT TO ALIGN ASSISTANCE IMPLEMENTATION WITH CURRENT POLICY DIRECTION. ASIDE FROM POSSIBLE COSTS ASSOCIATED WITH EARLY CONTRACT TERMINATION, POST WILL NEED TO RAPIDLY IDENTIFY AND HIRE ADDITIONAL U.S., TCN, AND PAKISTANI STAFF TO CONTINUE DIRECT IMPLEMENTATION AND/OR DIRECT OVERSIGHT OF THESE ACTIVITIES UNDER OTHER ARRANGEMENTS. THIS WILL ALSO REQUIRE ADDITIONAL SECURE OFFICE SPACE, HOUSING, AND MOBILITY, AS NEEDED, IN PESHAWAR AND ISLAMABAD. IN CONSIDERING AND TRANSITIONING TO ALTERNATIVE MECHANISMS, POST WILL NEED TO ESTABLISH PROCEDURES FOR ENHANCED FINANCIAL ACCOUNTABILITY, PERFORMANCE AND SECURITY TO MITIGATE RISKS. POST SHOULD ALSO TAKE STEPS TO AVOID DISRUPTION OF SERVICES AND A PUBLIC IMPRESSION OF REDUCED SERVICES.

[1](#)4. (SBU) DEPARTMENT CONCURS WITH THE FOLLOWING ACTIONS:

-- FATA ENABLING PROGRESSIVE MEDIA VOICES IN PAKISTAN: USD 2.6 MILLION INITIAL OBLIGATION FOR INTERNEWS IS SUPPORTED.

-- IMPROVE CHILD HEALTH FATA: USD 2.0 MILLION INCREMENTAL FUNDING FOR SAVE THE CHILDREN TO CONTINUE BASIC HEALTH SERVICES PROVISION THROUGH MARCH 2010 IS SUPPORTED.

-- POLIO ERADICATION FATA: USD 500,000 INCREMENTAL FUNDING FOR UNICEF THROUGH SEPTEMBER 2010 IS SUPPORTED.

-- ENERGY EFFICIENCY AND CAPACITY: USD3.0 MILLION INCREMENTAL FUNDING FOR THE INTERNATIONAL RESOURCES GROUP IS SUPPORTED.

-- ENERGY POLICY: USD 2.0 MILLION INCREMENTAL FUNDING FOR THE ADVANCED ENGINEERING ASSOCIATES INTERNATIONAL IS SUPPORTED.

-- PAKISTAN TRANSITION INITIATIVE (PTI): USD15.0 MILLION IN INCREMENTAL FUNDING FOR INTERNATIONAL ORGANIZATION FOR MIGRATION (IOM) IS SUPPORTED.

15. (SBU) THE FUNDING REQUESTS UNDER THE FOLLOWING ACTIVITIES WERE NOT SUPPORTED. IN SOME CASES, LIMITED FUNDING IS RECOMMENDED TO PROVIDE TIME FOR CONTINUED NORMAL IMPLEMENTATION WHILE SIMULTANEOUSLY SEEKING A TRANSITION TO PAKISTANI PARTNERS.

-- PAKISTAN TRANSITION INITIATIVE (PTI): WE RECOMMEND THAT THE CONTRACT WITH CREATIVE ASSOCIATES BE EXTENDED FOR FOUR MONTHS. NO RECOMMENDATION HAS BEEN MADE WITH REGARDS TO THE AMOUNT OF FUNDING FOR THE TRANSITION.

-- FATA CAPACITY BUILDING PROGRAM: WE RECOMMEND THAT THE CONTRACT WITH DAI BE EXTENDED FOR THREE MONTHS AND WE SUPPORT AN ADDITIONAL ESTIMATED USD 3.75 MILLION FOR THE CONTRACT FOR THIS EXTENSION. PER REFTELS, DEPARTMENT UNDERSTANDS THAT DAI HAS INITIATED DEMOBILIZATION DUE TO LACK OF FUNDING. WITH THE RECOMMENDED EXTENSION, DAI SHOULD IMMEDIATELY STOP DEMOBILIZATION AND RESUME FULL OPERATIONS.

-- LOWER FATA DEVELOPMENT PROGRAM - LIVELIHOOD DEVELOPMENT: WE RECOMMEND THAT THE GRANT WITH CHF INTERNATIONAL BE EXTENDED FOR THREE MONTHS AND WE SUPPORT THE PROVISION OF AN ADDITIONAL ESTIMATED USD 7.5 MILLION FOR THE EXTENSION.

-- UPPER FATA DEVELOPMENT PROGRAM - LIVELIHOOD DEVELOPMENT: NO ADDITIONAL FUNDING IS SUPPORTED FOR THE COOPERATIVE AGREEMENT WITH THE ACADEMY FOR EDUCATIONAL DEVELOPMENT (AED) DURING THE TRANSITION.

-- PERFORMANCE: USD 2.5M INCREMENTAL FUNDING FOR THE CONTRACT WITH QED GROUP, LLC IS NOT SUPPORTED. WE RECOMMEND THAT POST PROCEED WITH TERMINATION FOR CONVENIENCE OF THE USG AND CLOSE OUT THIS CONTRACT.

16. (SBU) POST WAS PREVIOUSLY ADVISED THAT DEPARTMENT CONCURRED WITH INCREMENTAL FUNDING FOR THE ED-LINKS ACTIVITY. BY OCTOBER 2, S/SRAP WILL PROVIDE GUIDANCE ON THE EXPANSION OF THE ED-LINKS ACTIVITY INTO MALAKAND DIVISION TO REBUILD SCHOOLS DAMAGED OR DESTROYED IN THE FIGHTING THERE, AS WELL AS GUIDANCE ON THE FOLLOWING PENDING PROCUREMENT ACTIONS:

-- COLLEGE IMPROVEMENT PROGRAM: USD 1.8 MILLION INCREMENTAL FUNDING FOR A GRANT WITH FORMAN CHRISTIAN COLLEGE.

-- USAID-PAKISTAN FULBRIGHT PROGRAM: USD 5.0 MILLION ADDITIONAL FUNDING FOR A GRANT TO THE U.S. EDUCATIONAL FOUNDATION PAKISTAN. DEPARTMENT UNDERSTANDS THAT SEPTEMBER 30 IS THE DEADLINE FOR ADVISING STUDENTS SELECTED FOR SCHOLARSHIPS THAT THEIR FUNDING HAS BEEN APPROVED.

-- STRENGTHENING TEACHERS EDUCATION IN PAKISTAN: USD 1.2 MILLION INCREMENTAL FUNDING FOR UNESCO.

-- EARTHQUAKE RECONSTRUCTION PROGRAM: USD 5.4 MILLION INCREMENTAL FUNDING FOR CAMP, DRESSER, AND MCKEE.

-- DEVELOPING SERVICES IN NON-BANKABLE AREAS:

USD 450,000 CASH REIMBURSEMENT FOR KHUSHALI BANK.  
CLINTON